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# AGRICULTURAL COOPERATION

April 20, 1929

Vol. VII, No. 8

## COOPERATIVE PURCHASING INCREASING

Collective purchasing on the part of farmers' cooperative business associations is increasing. Farm supplies and farm-home necessities have been bought collectively by our farmers for nearly a hundred years, but never before on the scale that now prevails.

Not only has the buying of supplies and necessities through local associations increased materially during recent years, but the large-scale purchasing association has developed beyond the expectations of its most optimistic advocates. Furthermore, this type of cooperative enterprise is continuing to develop. New organizations are being planned to serve the farmers of large areas, such as whole states, or producing regions including portions of several states.

Some of these associations are independent enterprises, others are subsidiaries of state farm bureaus or state farmers' unions, while others are affiliated with the larger cooperative marketing associations.

Twenty-odd of these big purchasing associations transacted business in 1927 amounting to about \$60,000,000. The same associations in 1928 handled business that approached closely the \$100,000,000 mark, with indications that the 1929 figures will go far beyond those of the past year.

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION  
COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING  
BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C.

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# AGRICULTURAL COOPERATION

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## BIG BUSINESS BY CALIFORNIA ASSOCIATION

Among the purchases made in 1928 by the Fruit Growers Supply Company, Los Angeles, for its members, were 3,200 cars of box shook, 70 car loads of nails, one million pounds of cover crop seed, 150,000 orchard heaters, 7,972 feet of hose for heaters, 373,160 orange buds, 103 bushels of orange seed and 4,990 thermometers.

This farmer-owned and -controlled cooperative purchasing association was organized in 1907 by the local units of the California Fruit Growers Exchange. That the two federations may cooperate to the fullest degree the same men make up the boards of directors for the two organizations.

The yearly activity of the supply company has increased from \$4,061,546 in 1915 to \$10,646,365 in 1928. The growth year by year since 1916 is as follows:

Year	Packing-house supplies	Orchard supplies	Mill operations	Total sales
1916*	\$2,288,771	\$ 939,077	\$ 764,922	**\$4,092,865
1917*	3,189,592	1,530,351	816,876	** 5,759,080
1918*	2,222,030	1,281,966	624,402	** 4,281,969
1919*	4,587,284	1,569,008	970,122	** 7,337,666
1920*	6,324,473	2,390,820	2,000,132	# 9,837,073
1921##	10,093,735	2,591,554	1,854,523	# 13,708,556
1922###	4,784,766	2,787,115	3,984,302	# 10,216,544
1923	6,773,723	2,626,044	3,050,944	# 11,339,444
1924	6,416,900	1,883,931	3,459,868	# 10,212,491
1925	4,510,844	2,661,377	2,867,156	# 9,285,872
1926	6,123,662	2,041,450	3,399,815	# 10,328,119
1927	6,496,016	2,055,479	3,063,463	# 10,265,676
1928	6,140,172	2,573,529	3,596,416	# 10,646,365

\* Year ending August 31.

\*\* Including miscellaneous items.

# Less inter-departmental transactions.

## Fourteen months ending October 31.

### Fourteen months ending December 31.

Sales of packing-house supplies for 1928 amounted to \$6,140,172 and sales of orchard supplies, to \$2,573,528. The larger items among the packing house supplies were: box shook and picking boxes, \$4,469,008; tissue wraps, \$1,079,302; nails, \$150,750; labels and paste, \$125,229.



Among the items making up the total for orchard supplies were: commercial fertilizers, \$949,771; frost preventatives, \$857,239; manures, \$370,144; spray equipment and supplies, \$109,711; and cover crop seed, \$85,646.

Repayments to members in 1928 amounted to \$885,050, part of which amount was for share capital issued in 1921 instead of patronage refunds. The patronage refunds were, packing house supplies, \$48,511; orchard supplies, \$98,940.

Among the patronage refunds were a refund of 3.849 per cent on nails, a refund of 4.043 per cent on fertilizers, 3.558 per cent on orchard heaters, 4.575 per cent on spraying materials, and 3.675 per cent on cover crop seed.

Two saw mills are operated by the association. The lumber cut for 1928 amounted to 74,826,000 feet compared with 71,571,000 feet for 1927. The box factory used 31,135,000 feet of lumber compared with 22,080,000 feet in 1927. Because of the installation of labor saving machinery and more efficient management the cost of operation for the mills and factories was reduced below the figures of the preceding year.

During the last 13 years nearly \$4,000,000 had been refunded to member-associations and to fruit growers. More than 80 per cent of the refunds were to the packing-house associations.

Year	Packing-house supplies	Orchard supplies	Total refunds
1916*	\$ 121,798	\$37,266	\$ 159,064
1917*	87,620	59,282	146,902
1918*	90,008	44,864	134,872
1919*	484,317	47,372	531,689
1920*	201,787	55,672	257,459
1921**	2,156,350	14,713	2,171,063
1922#	-----	17,666	17,666
1923##	-----	-----	56,461
1924##	10,586	39,821	50,407
1925##	8,136	69,964	75,059
1926##	12,117	62,942	78,100
1927##	35,962	64,862	100,824
1928##	48,511	98,940	147,451

\* Year ending August 31.

\*\* Fourteen months ending October 31.

# Fourteen months ending December 31.

## Year ending December 31.

At the close of 1928 there was \$6,000,000 of outstanding share capital and \$2,000,000 of first mortgage gold bonds.

MINNESOTA OIL COMPANY PROSPERS

Annual sales by the Freeborn County Cooperative Oil Company Albert Lea, Minn., are now about \$250,000. This farmer-owned enterprise was formed in February of 1925 for the purpose of supplying its members and others with petroleum products.

During the ten months of 1925 its sales were \$156,151. The following year they were \$231,483, in 1927 they were \$213,472, and in 1928, \$257,879. Amounts available for refunds for the several years were as follows: 1925, \$14,778; 1926, \$28,924; 1927, \$20,600; 1928, \$12,106.

Outstanding share capital at the close of 1928 amounted to \$27,600. In addition there was a surplus of \$13,402 and undistributed purchase refunds of \$23,720. Net worth was \$66,923.

The association has about 900 shareholders and is serving more than 2,000 patrons.

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PURCHASING BUSINESS INCREASING RAPIDLY

There has been an increase of more than 17 million dollars in the business transacted annually by the Cooperative Grange League Federation Exchange, Ithaca, N. Y., during the last seven years. For the 1921-22 year, business transactions amounted to \$1,725,439 and for the 1927-28 year, to \$19,177,907. The amount credited to each of the seven years is as indicated below:

1921-22 . . . . .	\$1,725,439	1925-26 . . . . .	\$ 8,284,158
1922-23 . . . . .	4,352,164	1926-27 . . . . .	10,284,158
1923-24 . . . . .	6,840,726	1927-28 . . . . .	19,177,907
1924-25 . . . . .	6,635,364		

During 1927-28 the Exchange sold supplies at retail to the value of \$2,973,498 in addition to the figures above, which represent largely carlot business in feeds and fertilizers. In the last three years the quantity of feed handled has increased from 115,000 tons a year to 320,000 tons.

The Exchange operates its own feed mill and owns a block of the capital stock of a company manufacturing fertilizers. It has evolved methods for distributing feeds, fertilizers and other farm supplies to its patrons with the minimum of expense, considering the type of service rendered. At the same time patrons are furnished with feeds mixed according to formulas worked out by the college feed conference board representing five agricultural colleges. The management aims to supply fertilizers of known quality and to furnish seeds of "known origin."

OHIO COMPANY BUYS GRAIN, SELLS SUPPLIES

Since its organization in 1923 the Ohio Farm Bureau Service Company, Columbus, has returned to its patrons in the form of refunds over \$700,000. This amount represents earnings and the results of efficiency in operation of the business.

The company functions principally as a purchasing organization, although it has from the first marketed grain. During the five and one-half years that it has been functioning it has sold 6,865,480 bushels of grain, and has purchased 126,443 tons of feed, 252,503 tons of fertilizer, 29,652 bushels of seed, 51,223 bales of binder twine, and 2,605 cars of coal, besides smaller quantities of other farm supplies.

The activity of the organization, on a volume basis, is indicated by the following figures:

Year	Grain (Bushels)	Feed (Tons)	Fertilizer (Tons)	Seed (Bushels)	Twine (Bales)	Coal (Cars)
1923*	401,430	-----	33,321	-----	-----	-----
1924	1,250,000	14,471	37,193	2,518	-----	259
1925	936,400	27,205	48,825	5,632	13,013	522
1926	1,743,850	25,302	44,796	9,724	15,137	605
1927	1,683,800	24,950	40,815	6,660	12,533	592
1928	850,000	34,515	47,553	5,068	10,540	627

\*Six months.

Sales during the five and one-half years of operation total \$23,140,483. The average annual business is now about four and one-half million dollars a year, as will be noted by the figures below:

Year	Sales	Patronage refunds
1923	\$1,580,718	\$ 68,247
1924	3,894,244	124,575
1925	3,982,234	151,523
1926	4,639,928	130,822
1927	4,573,086	98,935
1928	4,470,273	125,921

At the close of 1928 the company had a net worth of \$92,097. Of this amount \$47,087 was surplus and \$45,000 was share capital.



WASHINGTON COOPERATIVES USE JOINT SALES AGENCY

Dairy products with a sales value of more than \$10,000,000 were marketed in 1928 by six western Washington cooperatives and their joint sales agency, the Consolidated Dairy Products Company. The six associations, with pounds of milk received, local sales, sales by the joint marketing agency, and total sales are given below:

Association	Milk received	Local sales	Sales through joint agency	Total sales
	(Pounds)			
Seattle Milk Shippers Association .....	84,760,077	\$ 8,513	\$2,201,465	\$ 2,209,973
Skagit County Dairy- men's Association.....	74,115,277	541,527	1,990,593	2,532,123
Whatcom County Dairy- men's Association....	70,426,620	1,132,073	1,596,873	2,728,951
Snohomish County Dairy men's Association.....	45,021,917	537,025	1,022,206	1,559,231
Lewis-Pacific Dairy- men's Association.....	24,088,532	775,128	218,567	993,695
Grays Harbor Dairy- men's Association.....	13,583,893	329,373	- - - - -	329,373
Consolidated Dairy Products Company.....	- - - - -	- - - - -	146,411	146,411
Total	311,996,366	\$3,323,644	\$7,176,123	\$10,499,767

About 40 per cent of the milk received annually is sold as fluid milk and about 60 per cent is manufactured into cheese, butter, milk powder and concentrated milk at the plants of the five county associations. The quantities and percentages for the last two years are as follows:

	1927		1928	
	(Pounds)	(Per cent)	(Pounds)	(Per cent)
Milk received.....	313,468,233	100.0	311,996,366	100.0
Marketed as fluid milk.. and sweet cream.....	117,742,000	37.6	132,176,531	42.4
Manufactured.....	195,726,233	62.4	179,319,335	57.6

The Seattle Milk Shippers Association is a bargaining association representing the milk producers who are producing fluid milk for the Seattle market.

The quantities of manufactured dairy products handled by the five county associations during the last two years are reported to be as follows:

Product manufactured	1927	1928
Cheese (Pounds).....	812,007	1,028,677
Butter (Pounds).....	6,843,131	6,935,267
Milk powder (Pounds).....	8,671,947	8,815,087
Concentrated milk (Cases).....	606,056	485,306

Total sales of dairy products amounted to \$10,592,113 in 1927 and \$10,499,767 in 1928. Cooperative sales of feed were made to the members of the local associations to the value of \$112,563 in 1927 and \$458,760 in 1928, making the total sales for the two years, \$10,704,676 in 1927, and \$10,958,527 in 1928.

Sixty-eight per cent of the total sales of dairy products were made through the Consolidated Dairy Products Company, Seattle, Wash., in 1928. This is an organization especially created to serve for this purpose. Forty-nine per cent of its capital stock is held by the various producing associations.

The five county associations engaged in manufacturing milk and cream into milk powder, cheese, butter and concentrated milk had a combined net worth at the close of 1928 of \$1,912,356. Net worth for the milk bargaining association was \$31,945 and the net worth of the sales agency was \$300,000 making the net worth of the seven organizations, after deductions for capital of locals invested in the sales agency, \$1,911,306.

The six plants owned and operated by the various associations have a depreciated value of \$1,619,339.

The oldest of the county organizations is the Skagit County Dairy-men's Association, at Burlington. This association was organized in 1916. The Snohomish County Association was formed in 1917, the Grays Harbor Association in 1918 and the Whatcom County and Lewis-Pacific Associations in 1919. These were originally joined together for marketing in the United Dairy Association of Washington, along with two other county associations. Later the Consolidated Dairy Products Company was set up to act as a sales agent for the local associations.

FARMERS' COOPERATIVE RETAILS MILK

On March 1, 1929, the Ohio Farmers' Cooperative Milk Association, Cleveland, undertook a new line of work, that of retail distribution of milk in the city of Cleveland. The association is conducting this line through a subsidiary called the Ohio Farmers' Milk Service, Inc. Having acquired the business of 15 companies, the new company had a 48,000-quart business to begin with, making it the second largest distributor in Cleveland. Options have been secured from other companies and the business is expected to increase from month to month. Milk is being distributed over 120 routes throughout the city.

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COLLECTIVE SELLING FOR CHEESE

Cheese produced by the members of the Dairymen's League Cooperative Association, Inc., New York City, will henceforth be sold through the sales department of the National Cheese Producers' Federation. Plymouth, Wis., a federation of local associations.

A representative of the Federation will be located in the New York office of the League and will sell the cheese produced by the Wisconsin and New York state dairymen belonging to the two organizations.

The Federation markets cheese for about 300 associations in Wisconsin, Minnesota and Illinois, engaged in the making of cheese, and the League represents about 40,000 New York, Pennsylvania and Connecticut farmers who are largely producing fluid milk for city markets.

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MILK MARKETING BUSINESS INCREASING

A larger quantity of fluid milk was marketed through the Maryland and Virginia Milk Producers Association, Inc., Washington, D. C., in 1928 than for either of the two preceding years. In 1926 a total of 85,896,559 pounds of milk was handled through the organization. The total for 1927 was 102,159,082 pounds and for 1928, 106,746,416 pounds. In addition large quantities of sweet cream are marketed for the members of the association.

Business transactions, measured in dollars, amounted to \$4,677,662 in 1928. Of this amount \$3,670,254 represented fluid milk sales; \$509,800, sweet cream sales; and \$493,592, sales of cream to ice cream manufacturers.

This association, which represents about 1,000 milk producers, tributary to the Washington, D. C., market, functions as a price bargaining organization. It is the outgrowth of a meeting held in 1916 by milk producers who felt that they should be a factor in determining the price at which their product was sold.



### SALES METHODS OF FARMERS' ELEVATORS

Forty-four per cent of the farmers' elevators of the United States forward grain to market on a consignment basis, according to a recent study by the Division of Cooperative Marketing of the U. S. Department of Agriculture. Thirty-eight per cent of the elevator associations sell "on track" and 17 per cent sell "to arrive." Less than one per cent of the associations sell to local buyers.

Methods of sale differ widely in the various grain producing areas. In the spring-wheat area 89 per cent of the associations use the consignment method. In the winter-wheat area 42 per cent sell "on track" and but 32 per cent "consign." In the corn belt 44 per cent sell "on track" and 38 per cent "consign." "On track" selling is the most common method employed in the soft-wheat area, 71 per cent of the farmers' elevators using this method. On the Pacific Coast, 64 per cent of the local grain marketing associations sell on a "to arrive" basis, 34 per cent sell "on track," and less than 2 per cent "consign."

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### ACCOMPLISHMENTS OF MANITOBA POOL ELEVATORS

In order that its members may be correctly informed, the Manitoba Pool Elevators, Ltd., a subsidiary of the Manitoba Cooperative Wheat Producers, Ltd., reviews its local elevator operations in the March issue of the Scoop Shovel, the house organ of the association.

Fifty-six houses were operated during the 1927-28 marketing season. Six of the elevators have been active during three crop seasons, and the summary shows that their cash surpluses have amounted to \$89,387. From this sum the local associations made payments of 10 per cent of the value of the plants, leaving \$57,502 available for a refund to growers on a per bushel basis.

Twenty-two associations have been functioning for two crop years. Only one of these, a leased plant, failed to produce a cash surplus. Of this group, 16 associations paid all expenses, 10 per cent repayment on the elevators, and produced net surpluses amounting to \$94,329 which amount was refunded to growers on a per bushel basis. In the case of six elevators, including the leased one, there were deficits and assessments had to be made to complete the 10 per cent payments to the Manitoba Pool Elevators. This repayment represents an investment in physical plants on the part of the shareholders.

The group which has operated only one year includes 28 elevators. In spite of a very light crop 21 associations had surpluses after meeting all operating expenses. Fifteen produced net surpluses amounting to \$26,897 which was refunded directly to the growers. Thirteen showed deficits totaling \$22,707. Twelve locals had to make assessments in order to complete payments to the elevator company.

ASSOCIATION MADE STRONG CONSUMER APPEAL

Intensive work in behalf of increased consumption of Florida citrus fruit has produced favorable results, according to the management of the Florida Citrus Exchange, Tampa. Up to about the first of April 12,183 more cars of Florida oranges and grapefruit had been shipped to market than for last year to the same date.

Dealer service men representing the Exchange had visited 22,968 retail dealers up to March 10, and of this number 14,067, or 61 per cent, had handled fruit from the Exchange. The service crews decorated 7,000 windows for retail dealers, using quantities of Seald-Sweet and Mor-Juce advertising material. Newspapers in 144 cities and towns carried the message of the Exchange to consumers. The aggregate result has been that an unusually large crop of lower quality than usual has been marketed. Sales in larger units have been a feature of the season. Many persons have bought fruit in box lots and still more have bought from two to five dozen oranges at a time, where in the past they have been in the habit of buying in small quantities. Much fruit was sold through a campaign urging that citrus fruit be used as a promoter of health and as a remedy for certain diseases.

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TWO CELERY ASSOCIATIONS IN OREGON

Two celery associations are in operation in the vicinity of Brooks, Oregon. The first, the Labish Meadows Celery Company, was organized in 1921, to sell celery, lettuce and onions for its members. It is a capital stock organization with a limited dividend rate. It specializes in "Meadow Brand Celery."

Sales in 1924-25 amounted to \$140,000; in 1925-26, \$170,000; in 1926-27, \$200,000; 1927-28, \$206,000. In addition to selling farm produce for its members, the association buys certain supplies, such as tape, crates and seed. Supplies handled in 1927-28 amounted to \$18,000. At the beginning of 1928 there were 34 members.

The other association is the Labish Celery Growers' Cooperative Association, organized in 1928 with 17 members, all of whom are farmers. It is a nonstock company which sells celery and lettuce for its members. The association does not handle supplies, neither does it handle products for nonmembers. In the year closing February 1, 1929, the business transacted amounted to \$108,000.

A marketing contract is in use. This provides for the member selling and the association buying all celery produced or acquired during the life of the contract, which is continuous until terminated by grower or association at the close of any business year. The association undertakes to grade and size the celery and to resell at the best obtainable price.



### COMMUNITY LIVESTOCK SALES

Annual community sales are featured by certain progressive communities in Saskatchewan. Such a sale was held recently by the Weyburn Agricultural Society. In the forenoon 11 cattle, including some pure-bred Holsteins, and 47 sheep were sold at auction. In the afternoon 72 horses were offered for sale. Reserve bids were allowed on the horses and about 25 per cent were not sold as the bids were unsatisfactory. The sales were instituted about ten years ago by the Cooperative Organization Branch of the Department of Agriculture.

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### NEW TYPE OF ASSOCIATION

A new type of farmers' association was formed at Atlantic, Iowa, March 23, 1929. The Cass County Meat Producers' Association is an organization for creating a larger demand for meat, particularly for the cattle and hogs produced by the 300 stockmen-members. The speakers of the occasion pointed out that the per capita consumption of meat in the United States is decreasing, and if the cattle and hog raising industries are to prosper the consumption of meat must be increased. A committee was appointed to suggest ways and means of raising funds to be combined with contributions from the meat packers and used to stimulate a demand for meat. One suggestion was that the producers contribute toward an advertising fund one cent a hog and one dollar a carload on cattle. The promoters expect to see similar organizations set up in other counties.

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### LIVESTOCK MARKETING IN EASTERN CANADA

Shipping clubs have been formed in New Brunswick, Nova Scotia, and Prince Edward Island for marketing hogs and lambs. These clubs were first formed in districts where many hogs were produced, then clubs were organized for marketing lambs. In 1927 there were 36 clubs in New Brunswick, 28 in Nova Scotia, and 18 in Prince Edward Island.

The animals are received, weighed and loaded by the secretaries of the clubs, and the selling is done by a representative of a tri-provincial marketing board. Hogs are graded according to standards established by the Dominion Department of agriculture, and lambs are graded according to local standards. Government inspectors do most of the grading.

In Prince Edward Island this form of cooperative marketing has increased from 1,500 hogs shipped in 1923 to 6,000 hogs in 1926 and 13,250 in 1928. In the early years of the movement only a limited number of lambs were shipped. However, in 1927, 8,800 head were handled, and in 1928 more than 16,000 head.

COOPERATIVE SERVES ALL CANADIAN WOOL GROWERS

Since its organization in 1918 the Canadian Cooperative Wool Growers, Limited, Toronto, Ont., has received and marketed approximately 40,000,000 pounds of wool. The quantities received for the several years are as follows:

Year	Pounds	Year	Pounds
1918	4,456,448	1924	2,506,326
1919	3,800,303	1925	3,527,624
1920	4,647,133	1926	3,903,844
1921	3,943,923	1927	3,648,254
1922	2,908,122	1928	3,413,212
1923	2,843,365		

The quantities of the 1928 clip received at four branch offices and from 13 local associations in 8 provinces, were as follows: Alberta, 1,290,329 pounds; Manitoba and Saskatchewan, 767,180 pounds; Ontario, 654,107 pounds; British Columbia, 345,339 pounds; Quebec, 75,488 pounds; Nova Scotia, 49,381; Prince Edward Island, 35,733 pounds; New Brunswick, 14,033 pounds; sundry shipments, 181,622, making a total of 3,413,212 pounds.

Gross sales of the association for 1928 amounted to \$1,199,999, made up as follows: wool, \$1,121,098; sacks and bales, \$7,771; twine, \$2,980; stockmen's supplies, \$23,605; manufactured woollens, \$44,545.

Wool of the 1927 clip to the amount of 213,234 pounds was brought forward into the 1928 year, and a small portion of the 1928 clip is being carried over to the 1929 year.

The management of the association sets forth the object of the organization as being "the merchandising of that part of the Canadian wool clip entrusted to it in such manner as to best serve the interests of all the shippers of wool."

At the recent annual meeting the members went on record in favor of contract marketing of wool instead of the present voluntary system. They reached a decision to change to the contract basis provided 3,000,000 pounds could be signed up. Two contracts were drawn, one between the individual member and the local association to which he delivers his wool, and the other between the local association and the Canadian Cooperative Wool Producers. A Dominion-wide campaign to secure the necessary signatures to the producers' contract, is being conducted. Little difficulty is anticipated as the delivery in normal years has been over 3,000,000 pounds. The plan will not be put in operation the present season.

### FIRST YEAR FOR HONEY MARKETING COOPERATIVE

First year sales by the Mountain States Honey Producers' Association, Boise, Idaho, were \$237,401. There was a total of 3,656,880 pounds of honey in the 1927 pools. Of this quantity 2,845,680 pounds were in the white pool, 746,220 in the amber pool, and 64,980 pounds in the off-grade pool.

The cost of marketing varied from less than one cent a pound for the white honey to nearly two cents for the off-grade honey. A deduction of 4 per cent of net returns was made for a reserve.

This organization was formed at a three-day meeting at Laramie, Wyo., in February of 1927. It now has nearly 400 members in eight states, with 80,263 colonies of bees.

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### HEAVY COTTON DELIVERIES IN OKLAHOMA

Under date of March 25, the Oklahoma Cotton Growers' Association, Oklahoma City, reported that it had received 355,844 bales of 1928 cotton. This was a little more than 30 per cent of the entire crop produced in the state, as the total number of bales ginned to March 20, 1929, was 1,185,802. With the heavy receipts early in the season the association's force was "snowed under" and some members were temporarily inconvenienced, however, the classing was speeded up so efficiently that 355,000 bales were classed in the same length of time as 164,000 bales last year. Profiting by this experience, the management assures the members that the association will be prepared to handle half the cotton of the state the coming season if the members will deliver it.

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### CALIFORNIA COOPERATIVE HANDLES MORE EGGS

More eggs were received by the Porterville Poultry Association, Porterville, Calif., during 1928 than in previous years. Feed sales for 1928 covered 11,288,448 pounds of feed compared with 7,343,347 pounds in 1927. There was a decrease in the baby chick business in 1928, the total number of chicks handled being 23,957, whereas 30,308 were sold in 1927. Total sales including eggs, poultry, baby chicks, egg cases, and other supplies, amounted to \$314,708 in 1927 and to \$488,210 in 1928.

The association closed the 1928 year with a net worth of \$33,576, the principal items of which were advance fund certificates, \$26,910; undivided profits, \$2,146; and reserve for security of members, \$2,052.

The association was formed in 1921.



STATISTICS OF INTERNATIONAL COOPERATION

Statistics of the societies affiliated with the International Co-operative Alliance, for the year 1927 are summarized in a recent number of the Review of International Cooperation, London. The general summary shows 169,057 affiliated societies, classified as: consumers'; wholesale; workers' productive; federated productive; agricultural, other than credit; miscellaneous; cooperative banks; and regional credit unions and credit societies. Of the total number, 125,140 furnished statistics. They reported 51,770,787 members and a total business of £2,195,366,873 in the year 1927. Statistics for a group of insurance organizations were not included in the above.

The consumers' societies took the lead in individual membership and volume of business. They reported 43,498 societies in 33 countries; 42,434 societies reporting had 31,101,954 members; their sales amounted to £1,312,234,089; and the value of their own production was £119,225,586. The agricultural group had 93,926 societies in 18 countries, 51,960 of which reported. They had 11,644,318 members, and their total volume of business was £421,276,642, of which £308,342,921 represented sales for members, and £112,525,398 sales to members. Banking operations of the cooperative banks, regional credit unions and credit societies totaled £77,734,669.

In financial position the agricultural societies were second in importance, with paid-up share capital of £8,640,313, reserves of £20,055,854, loan capital of £12,480,241, savings deposits of £343,940, and net surplus of £5,435,593. Nearly all the groups showed share capital running into millions of pounds sterling.

Distribution of the 51,770,787 members in the more important types of societies was as follows: consumers', 60.07 per cent; workers' productive, 0.34 per cent; agricultural, 22.49 per cent; miscellaneous, chiefly building societies and workers' clubs, 0.15 per cent; credit societies, 16.95 per cent.

Of the 31,101,054 members of consumers' cooperatives, 51.41 per cent were connected with primary societies in the Union of Socialist Soviet Republics; 17.94 per cent were in Great Britain; 9.36 per cent in Germany; 5.62 per cent in France; 2.70 per cent in Hungary; and less than 2 per cent in each of 23 other countries. The Soviet primary societies handled 43.93 per cent of the total trade; the regional, district and provincial unions, 28.33 per cent; Great Britain, 15.23 per cent; and the other countries, less than 5 per cent each.

In distribution of membership in relation to population, Great Britain leads, with a percentage of 12.5 per cent; Ukraine and White Russia each have 11.9 per cent; Finland, 11.8 per cent; U. S. S. R., 11.3 per cent; Hungary, 10.5 per cent; Denmark, 9.7 per cent; Switzerland, 8.7 per cent; Iceland, 6.9 per cent; Sweden, 6 per cent; and other countries less than 6 per cent each.

HISTORICAL SKETCHES, No. 6. EARLY COTTON COOPERATIVES

The Grange was probably the first organization to undertake cooperative cotton marketing. The Alabama State Grange appointed a sales agent in 1874 to handle cotton in New York; the Georgia Grange sold collectively through an agent in Atlanta; the Louisiana Grange through one in New Orleans; and the Mississippi Grange placed an agent in Liverpool. All ceased selling by this plan when the Grange declined in the late seventies. A Grange company in Texas, operating 155 retail stores, was reported in 1887 to be "the third largest receiver of cotton at the Port of Galveston."

From 1885 to 1906 there were several campaigns to raise cotton prices by restricting acreage and holding cotton for a fixed price. The Southern Cotton Association and the Southern Cotton Planters' Protective Association were active in these efforts, as was also the Farmers' Educational and Cooperative Union after it was formed in 1902. The Farmers' Union encouraged growers to form local groups and build or lease warehouses where they could store cotton and take advantage of any rise in prices. A large number of warehouses owned by farmers' associations resulted from this campaign. The Farmers' Union also advocated selling on the basis of class. Soon the farmers in several states began building and operating cooperative cotton gins.

In 1912 a group of large planters near Scott, Ark., organized the Scott Cotton Growers' Association and undertook to improve conditions by raising one variety of cotton, ginning it properly and selling it collectively. The association, which was strictly cooperative, operated successfully for eight years, then went out of business because all its members joined the Arkansas Cotton Growers' Cooperative Association.

Oklahoma took the lead in forming the large-scale cotton marketing associations of the present day. The plan for a state-wide association with every member under contract to deliver all of his cotton to the association for marketing, was approved at a meeting held June 1, 1920, and a permanent organization committee appointed. Considerable educational work preceded a stirring membership campaign, and by April 1, 1921, 35,000 growers had signed contracts to sell through the association for seven years, and the association was incorporated that month. The contracts represented about one-third of the cotton of the state. However, only 94,000 bales were delivered the first year.

The Staple Cotton Cooperative Association of Mississippi followed the Oklahoma association closely, being incorporated less than a month later; the Arizona Pima Cotton Growers and the Texas Farm Bureau Cotton Association were both incorporated in July of the same year, and the Arkansas Farmers' Union Cotton Growers' Association in October. In 1922-23 there were 10 state-wide associations, and in 1924-25 there were 15 which handled more than a million bales of the crop.



ATTEMPT TO INCORPORATE FAILS

On March 5, 1929, the Supreme Court of Iowa decided the case of the Wilkin Grain Co. v. Monroe County Cooperative Association, 223 N.W. 899. The Wilkin Grain Company sued the stockholders of the association for the purchase price of merchandise sold by it to the association and on certain claims that had been assigned to it. Certain persons took action with a view to incorporating the association for the purpose of engaging in the handling of merchandise. Owing to the fact that the statute of the State was not strictly followed with respect to the manner and form in which the articles of incorporation were required to be verified and certified by the secretary of state, and also regarding the character of the copy of the articles of incorporation that was filed with the county recorder, it was claimed by certain parties who brought suit against the stockholders of the association that no corporation resulted from their attempt to incorporate, and that because of this fact the stockholders were liable personally for the purchase price of merchandise bought by the association.

The court found that the association was not a corporation because of the facts referred to above, but held that, inasmuch as all of the parties who had extended credit to the association except one had done so on the theory that the association was a corporation, and inasmuch as a bona fide attempt to incorporate had been made, the "corporation" was a de facto one, so that the stockholders were not liable for its debts except with respect to the claim in which it was alleged and not denied that the creditor had dealt with the association as a partnership.

This case emphasizes the importance of exercising the utmost care in all steps pertaining to the formation of an incorporated association, for the purpose of making sure that the law has been complied with with respect to incorporation so that the members or stockholders may be exempt from liability for the debts of the corporation. The court in the case under discussion pointed out that if the corporation had been properly formed the proper filing and recording of its papers would have been notice to the world that the corporation was a corporation and that its stockholders were not liable for its debts.

L. S. Hulbert

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ASSOCIATION EXPELS MEMBER

In the case of Stevenson v. Holstein-Friesian Association, 30 F. (2d) 625, Stevenson brought suit in the western district of New York against the association for the purpose of requiring it to reinstate him as a member following his expulsion. The association is incorporated under a statute of New York State which specifies that associations formed thereunder may adopt by-laws for the suspension and expulsion of

members. A by-law provided that any member of the association who violated the articles of association, "by-laws, . . . or other rules or regulations, . . . or who shall deceive or wrong the corporation or a member thereof, or other person, or who shall so conduct himself as to make his association undesirable. . . . shall be censured, suspended, or expelled by the board of directors, or by the executive committee thereof, after notice and a hearing."

Stevenson was a member of the association from 1912 until his expulsion by the executive committee in October, 1917. Following notice of a hearing, he was expelled. Although Stevenson was a resident of Pennsylvania the hearing was held in Memphis, Tenn. The basis for the decision of the court upholding his expulsion is disclosed in the following quotation from the opinion:

He argues that to interpret the rule providing for the expulsion of undesirable members to permit the exclusion of one who has in good faith participated in litigation against the association to curb its extravagance and to secure the legal election of officers, renders the rule invalid. Such a principle need not be denied. The charges go much further, and in effect charge the fomenting of groundless litigation, with a purpose to cause the association trouble and expense. Whether in fact the plaintiff was guilty of such conduct is not before us. If the executive committee in good faith found such charges true, we can not say that its decision that he was an undesirable member is so arbitrary or unreasonable as not to be within the power of expulsion conferred by the by-law. There is no allegation that the corporate tribunal acted in bad faith in making its decision. The only allegation implying bad faith is the allegation that defendant's officers conspired to hold the hearing at a place at which plaintiff could not attend without serious expense. . . .

Apparently the by-laws are silent as to the place of the hearing. It has been definitely decided that meetings of the association and its board of directors may legally be held without the State of New York. Matter of George v. Holstein-Friesian Assn., 238 N. Y. 513, 144 N. E. 776. We see no reason why the hearing of charges may not legally be held wherever the directors may legally meet, at least, in the absence of a showing that the place selected did in fact, because of the expense of reaching it or other good cause, preclude the member under charges from attending. Therefore the place, as well as the time of the hearing did not infringe plaintiff's right to a fair opportunity to meet the charges.

### THE COOPERATIVE MARKETING OF TOBACCO

"The Cooperative Marketing of Tobacco" is the title of a bulletin by O. B. Jesness, published by the Kentucky Experiment Station, Lexington. The publication analyzes the development during recent years of the large-scale experiments in cooperative tobacco marketing, as a basis for conclusions with regard to their accomplishments.

As early as 1904 the growers in Kentucky and adjoining states formed organizations for selling their tobacco collectively. They placed emphasis on prices and price control and, partly as a consequence, the organizations were short-lived.

A severe drop in tobacco prices in 1920 and a continued demand for changes in methods of marketing, stimulated the formation of six large cooperative marketing associations in 1921-1923. In a comparatively short period tobacco became a commodity for which cooperative marketing assumed a leading role. These six cooperatives were organized and operated on substantially the same plan. They were nonstock, nonprofit, of the centralized type, with "iron-clad" agreements and subsidiary warehousing corporations. All met with practically the same difficulties and problems, and after 1926 only one continued in operation. Another association operating on a different plan is also functioning at present.

Some problems of the tobacco cooperatives were due to the prevalence of the tenant system of production, the localization of production, the large carry over from year to year, the concentration of market outlets, and the attitude of members of the trade. Some problems were traceable to the membership; some had their origin in management policies or lack of policies; some resulted from inexperience, inefficiency, or desire for personal gain; some arose, or at least were aggravated by the activities or attitude of outside interests.

The emphasis and reliance placed upon the "iron-clad" features of the marketing contract and its methods of enforcement, gave legal considerations a prominent place in cooperative tobacco marketing. The associations came later to realize that there were decided limits to dependence on the legal enforceability of contracts, and that contract observance based on fear of legal prosecution could not take the place of voluntary loyalty. Among the most outstanding and difficult problems with which the tobacco associations had to deal were those arising out of membership relations and attitudes. Associations in the past have frequently been organized under conditions which lead members to expect more than could be accomplished.

The Burley Tobacco Growers' Cooperative Association had an important effect on prices for several years, as did the other associations in the early periods of the cooperative movement in their districts.

The author believes that it is reasonable to expect that renewed efforts will be made to sell tobacco cooperatively. However, it is probable that in the future less emphasis will be placed on price control and more on the rendering of specific services.

John J. Scanlan



POULTRY ASSOCIATION ISSUES BOOKLET

"Achievement" is the title of a booklet of 24 pages, which tells the story of the Washington Cooperative Egg and Poultry Association, Seattle, during its 12 years of operation. Numerous illustrations aid in showing what the association has done and how it has been accomplished.

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ORGANIZATION OF LOCAL COOPERATIVE CREAMERIES

"Some Problems in the Organization of the Local Cooperative Creamery" were discussed by Tom G. Stitts of the Division of Cooperative Marketing in an address before the School of Cooperative Marketing, Stillwater, Okla., February 19, 1929. Copies of the address in mimeographed form may be procured from the Division of Cooperative Marketing, United States Department of Agriculture, Washington, D. C.

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CHANGES IN COTTON COOPERATIVES DISCUSSED

"Significance of Recent Changes in the Cooperative Marketing of Cotton," is the title of an address by James S. Hathcock, of the Division of Cooperative Marketing, before the cooperative marketing school held at Stillwater, Okla., February 20, 1929. This address has been mimeographed for distribution and copies are available to interested parties upon request to the Division of Cooperative Marketing, United States Department of Agriculture, Washington, D. C.

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NEW JERSEY ISSUES HISTORICAL CIRCULAR

"The Principles of Consumers', Producers' and Credit Cooperation: An Historical Outline," by Dimitry T. Pitt, is an interesting contribution to the subject, especially from an historical point of view. The sketches of the lives and work of a number of the forerunners and founders of various pioneer cooperatives point to some of the reasons for the development of the movement in different countries. Much information is compressed into the 53 pages. The publication is issued by the State of New Jersey, Department of Agriculture, Circular, No. 153.

REPORTED BY THE ASSOCIATIONS

The Equity Union Creamery and Produce Company, Pana, Ill., has practically completed arrangements to take over the business of the Farm Bureau Creamery Company at Paris. The creamery is equipped to handle both whole milk and butterfat. The management announces that sweet cream will be shipped to eastern markets or made into sweet-cream butter.

Once more the Mutual Orange Distributors, Redlands, Calif., won many honors at the National Orange Show. Forty-five prizes went to the "Pure gold" fruit, including 20 first prizes, 12 second, and 13 third awards. Besides trophy cups and blue ribbons there were cash prizes to the amount of \$1,293. The winning fruit included oranges, lemons and grapefruit.

Approximately 150 delegates representing 100 local units of the Manitoba Cooperative Poultry Marketing Association, Ltd., Winnipeg, attended the annual meeting of the organization February 28. During 1928 the membership of the association increased by 1,718. Business transactions for the year amounted to \$900,000. Both eggs and poultry were handled.

The South Carolina Cotton Growers' Cooperative Association, Columbia, now counts in its membership "the largest grower in South Carolina," a man who grows 3,000 acres of cotton and has had many years of experience. He has already shipped 100 bales to the association. The management is gratified to have growers of this type show their approval of the organization by becoming members.

Since September, about 100 cars of livestock have been shipped cooperatively from Red Bluff, Calif., to the San Francisco stock yards. In January the farmers were organized into the Tehama County Farm Bureau Livestock Shipping Association. The directors of the association were selected from the farm centers of Tehama County. A charge of 2½ per cent of the sales price is made by the association to cover the expense of marketing.

Six state legislatures have recently enacted credit union laws. In some cases the laws are entirely new and in other cases they are amendments to existing laws. In Montana, Arizona, Oregon, and Texas, the bills have been signed by the governors, and in Kansas and Utah they still await the official signatures. Similar bills are awaiting action in the following states: Connecticut, Maryland, Pennsylvania, Washington, Ohio, New Jersey, Florida, and Wisconsin.



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- McPhail, A. J. The Wheat Board of 1919 and the Wheat Pool of 1929. (Radio Address) Western Producer, Saskatoon, Sask., March 21, 1929, p. 13.
- Macklin, Theodore. Are Cooperatives Taking Full Advantage of Opportunities Before Them? The Blue Anchor, Sacramento, Calif., March, 1929, p. 11.
- Moser, C. O. How Your Cotton is Advertised. Cooperation, Columbia, S. C., March 20, 1929, p. 4.
- Our Position in Pooling. (Editorial) Nebraska Farmer, Lincoln, Nebr., March 30, 1929, p. 16.
- Reid, Edwy B. The Cooperative Credit Banks. Wheat Growers' Journal, Wichita, Kans., April 1, 1929, p. 6.
- Strong, R. W. Why We Retail Our Milk: Cooperative Seeks to Protect Members' Investment. Ohio Farmer, Cleveland, Ohio, March 16, 1929, p. 7.
- Tobriner, Mathew O. The Constitutionality of Cooperative Marketing Statutes. California Law Review, Berkeley, Calif., November, 1928, p. 19.
- Wilson, H. H. Legal Status of Cooperative Marketing Movement. American Bar Association Journal, Chicago, Ill., November, 1928, p. 575.
- Yearbook of Agricultural Cooperation in the British Empire, 1929. Edited by the Horace Plunkett Foundation. London, Geo. Routledge & Sons, Ltd. 1929. 476 p.